



PRESS RELEASE
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For Immediate Release

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**ORLANDO MAN SENTENCED FOR EVADING THE PAYMENT OF
HIS INCOME TAXES AND FOR BANKRUPTCY FRAUD**

Orlando, Florida - U.S. District Judge Gregory Presnell, today sentenced Patrick Barron to seventeen months' imprisonment, three years of supervised release, and 100 hours of community service, for evading the payment of his income taxes and for bankruptcy fraud. Patrick C. Barron previously pled guilty on August 15, 2003 to these offenses.

According to court documents, defendant BARRON, a resident of Seminole County from 1987 through at least 1999, wilfully attempted to conceal his assets from the United States Bankruptcy Court and bankruptcy creditors and wilfully attempted to evade the payment of his individual income taxes for the years 1988 through 1997.

Income Tax Evasion

For the years 1988 to 1997, defendant BARRON did not file income tax returns. Substitutes for Return were filed by the Internal Revenue Service (IRS) on behalf of

defendant BARRON, in the absence of filed returns for 1988, 1990, and 1991. On September 11, 1998, approximately two weeks before he filed bankruptcy, defendant BARRON for the first time filed federal income tax returns for the years 1987, 1989, and 1992 through 1997, indicating his income and expenses for each calendar year and calculating his total tax liability. The filed returns were not correct. On September 11, 1998, defendant BARRON also filed Form 1040s for reconsideration of his 1988, 1990, and 1991 assessments.

Defendant BARRON took steps to conceal assets from the IRS in an attempt to evade the payment of taxes owed by him. For example, defendant BARRON was audited by the Internal Revenue Service in the mid-1980s. As a result, a levy was served on the Reese Institute, his employer at the time, and Barron's wages were garnished. In an attempt to avoid any further garnishment of wages, defendant BARRON established Oviedo Physical Medicine and Rehab, Inc., and instructed the Reese Institute to make his salary payments to this corporation.

Additionally, defendant BARRON created a bogus third mortgage on his home in the amount of \$35,000.00. No money ever exchanged hands and was done solely to make it appear that he had no equity in the property. This bogus mortgage was created within days of an IRS Revenue officer interviewing an individual at the mortgage company who handled the purchase of defendant BARRON's house.

Defendant BARRON had the funds to pay his outstanding tax liabilities but paid many other creditors and acquired assets instead of paying the IRS. Defendant BARRON earned income in these years from teaching massage therapy and during some of the years, from textbooks which he had written, yet never paid any of his outstanding tax

liabilities. For example, during the year 1998, defendant BARRON purchased a house and also sold his interest in a bicycle business, receiving \$25,000.00. In relation to the \$25,000.00 check, he then had a nominee place that check into the nominee's checking and savings accounts and, over the course of a month, had the nominee pay the money to either defendant BARRON personally or to his corporation.

Defendant BARRON willfully evaded the payment of his assessed individual income taxes for the years 1989 and 1994 in the amount of \$11,290.00 and \$3,119.00 respectively. The total tax loss for the years 1987 to 1997 is \$34,348.00.

Bankruptcy Fraud

On September 23, 1998, defendant BARRON filed a petition for Chapter 13 bankruptcy in the United States Bankruptcy Court for the Middle District of Florida primarily in an attempt to discharge his individual income tax liabilities, which totaled approximately \$73,000.00 (\$34,348.00 tax loss plus interest and penalties). Defendant BARRON concealed assets from the United States Bankruptcy Court and his creditors, primarily the IRS, by purposefully failing to disclose on the bankruptcy schedules and Statement of Affairs assets he owned and controlled. Defendant BARRON failed to disclose the following assets or payments, among others, on his bankruptcy schedules or the Statement of Affairs and, therefore, concealed them from his creditors, the United States Trustee, and the United States Bankruptcy Court:

- a. Defendant BARRON did not disclose to the Bankruptcy Court that a \$35,000.00 mortgage on his home was bogus, no money ever exchanged hands, and was done solely for the purpose of making it appear that he had no equity in the property.

- b. Defendant BARRON did not disclose the sale of his interest in Beachside Bicycle, the receipt of \$25,000.00 from the sale, or checks he received from Beachside Bicycle after the sale of the business. He also did not disclose the transfer of the \$25,000.00 to another individual, \$4,500.00 of which was initially deposited into that person's checking account and the remainder into a savings account.
- c. Defendant BARRON did not disclose loans to him in 1998 from an individual who served as a nominee for at least one asset.
- d. Defendant BARRON did not disclose payments he made to individuals which were used to pay for expenses related to a boat.
- e. Defendant BARRON did not disclose the payments of the real estate taxes for property in Ohio.

Had defendant BARRON disclosed these items to his bankruptcy attorney, these items would have appeared on the schedules and/or Statement of Affairs.

This case was investigated by the Internal Revenue Service and was prosecuted by Assistant United States Attorney I. Randall Gold.